

FRIENDS OF HILLTOP ARBORETUM, INC.

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2012 AND 2011**

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 - 2
Financial Statements	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 12

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Friends of Hilltop Arboretum, Inc.
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Friends of Hilltop Arboretum, Inc. (a non-profit organization), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of Hilltop Arboretum, Inc. as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Daigneport & Brian APAC

Baton Rouge, Louisiana

July 2, 2013

FRIENDS OF HILLTOP ARBORETUM, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 231,820	\$ 303,876
Other receivable	241	-
Inventory	18,976	18,259
Other current assets	-	273
Total current assets	<u>251,037</u>	<u>322,408</u>
<u>Property and Equipment</u>		
Furniture and fixtures	44,857	44,073
Accumulated depreciation	<u>(42,731)</u>	<u>(40,760)</u>
Total property and equipment	<u>2,126</u>	<u>3,313</u>
Total Assets	<u>\$ 253,163</u>	<u>\$ 325,721</u>
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 61	\$ 47,515
Other current liabilities	<u>3,466</u>	<u>11,740</u>
Total current liabilities	<u>3,527</u>	<u>59,255</u>
<u>Net Assets</u>		
Unrestricted	238,968	219,810
Unrestricted -- board designated	<u>7,477</u>	<u>17,480</u>
Total unrestricted	246,445	237,290
Temporarily restricted	<u>3,191</u>	<u>29,176</u>
Total net assets	<u>249,636</u>	<u>266,466</u>
Total Liabilities and Net Assets	<u>\$ 253,163</u>	<u>\$ 325,721</u>

See accompanying notes and independent auditors' report.

FRIENDS OF HILLTOP ARBORETUM, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenues</u>			
Campaign pledges	\$ 500	\$ -	\$ 500
Donations	10,798	-	10,798
Garden tours	15,664	-	15,664
Gift shop	8,473	-	8,473
Hodge Podge	26,804	-	26,804
Interest and dividends	29	-	29
Memberships	23,138	-	23,138
Miscellaneous programs	38,913	-	38,913
Plant Fest	22,977	-	22,977
Trip income	36,715	-	36,715
Net assets released from restrictions	<u>25,985</u>	<u>(25,985)</u>	<u>-</u>
Total Revenues	\$ 209,996	\$ (25,985)	\$ 184,011
 <u>Expenses</u>			
Program service	\$ 141,946	\$ -	\$ 141,946
Supporting service:			
General and administrative	54,401	-	54,401
Fundraising	<u>4,494</u>	<u>-</u>	<u>4,494</u>
Total Expenses	200,841	-	200,841
 Change in net assets	9,155	(25,985)	(16,830)
 Net Assets - beginning of year	<u>237,290</u>	<u>29,176</u>	<u>266,466</u>
Net Assets - end of year	<u>\$ 246,445</u>	<u>\$ 3,191</u>	<u>\$ 249,636</u>

See accompanying notes and independent auditors' report.

FRIENDS OF HILLTOP ARBORETUM, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenues</u>			
Donations	\$ 16,486	\$ -	\$ 16,486
Garden tours	23,248	-	23,248
Gift shop	7,722	-	7,722
Hodge Podge	21,944	-	21,944
Interest and dividends	28	-	28
Memberships	21,615	-	21,615
Miscellaneous programs	49,249	-	49,249
Plant Fest	33,617	-	33,617
Trip income	21,755	-	21,755
Net assets released from restrictions	<u>9,991</u>	<u>(9,991)</u>	<u>-</u>
Total Revenues	\$ 205,655	\$ (9,991)	\$ 195,664
<u>Expenses</u>			
Program service	\$ 109,497	\$ -	\$ 109,497
Supporting service:			
General and administrative	58,778	-	58,778
Fundraising	<u>4,499</u>	<u>-</u>	<u>4,499</u>
Total Expenses	172,774	-	172,774
Change in net assets	32,881	(9,991)	22,890
Net Assets - beginning of year	<u>204,409</u>	<u>39,167</u>	<u>243,576</u>
Net Assets - end of year	<u>\$ 237,290</u>	<u>\$ 29,176</u>	<u>\$ 266,466</u>

See accompanying notes and independent auditors' report.

FRIENDS OF HILLTOP ARBORETUM, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Program Service</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 380	\$ 190	\$ -	\$ 570
Capital Campaign	72	-	-	72
Contract Labor	1,274	1,831	-	3,105
Depreciation	809	1,162	-	1,971
Donations	42,073	-	-	42,073
Dues	64	91	-	155
Garden tours	267	-	-	267
Gift shop	4,601	-	-	4,601
Hodge Podge	8,568	-	-	8,568
Insurance	1,758	2,526	-	4,284
Legal and professional	2,466	3,542	-	6,008
Miscellaneous	1,667	2,394	-	4,061
Office supplies	1,089	1,564	-	2,653
Payroll taxes	851	1,223	208	2,282
Plant Fest	13,341	-	-	13,341
Postage	478	686	-	1,164
Printing	1,003	1,440	-	2,443
Program expense	7,608	-	-	7,608
Rent	4	6	-	10
Salaries	17,521	25,167	4,286	46,974
Security	203	291	-	494
Site improvements	6,653	9,557	-	16,210
Telephone	1,536	2,206	-	3,742
Travel and meetings	365	525	-	890
Trips	27,295	-	-	27,295
	<u>\$ 141,946</u>	<u>\$ 54,401</u>	<u>\$ 4,494</u>	<u>\$ 200,841</u>

See accompanying notes and independent auditors' report.

FRIENDS OF HILLTOP ARBORETUM, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Program Service</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Contract labor	\$ 1,353	\$ 1,985	\$ -	\$ 3,338
Depreciation	790	1,159	-	1,949
Dues	92	135	-	227
Garden tours	1,579	-	-	1,579
Gift shop	3,570	-	-	3,570
Hodge Podge	5,497	-	-	5,497
Insurance	1,721	2,525	-	4,246
Legal and professional	2,438	3,576	-	6,014
Miscellaneous	1,749	2,566	-	4,315
Office supplies	1,501	2,202	-	3,703
Payroll taxes	902	1,324	213	2,439
Plant Fest	16,440	-	-	16,440
Postage	342	502	-	844
Printing	644	945	-	1,589
Program expense	25,841	-	-	25,841
Salaries	18,137	26,604	4,286	49,027
Security	148	217	-	365
Site grant expense	456	-	-	456
Site improvements	8,557	12,551	-	21,108
Telephone	1,619	2,375	-	3,994
Travel and meetings	77	112	-	189
Trips	16,044	-	-	16,044
	<u>\$ 109,497</u>	<u>\$ 58,778</u>	<u>\$ 4,499</u>	<u>\$ 172,774</u>

See accompanying notes and independent auditors' report.

FRIENDS OF HILLTOP ARBORETUM, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ (16,830)	\$ 22,890
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,971	1,949
(Increase) decrease in pledges receivable	(241)	2,324
Decrease in grants receivable	-	79,514
(Increase) decrease in inventories	(717)	1,286
(Increase) decrease in other assets	273	(219)
Increase (decrease) in accounts payable and other liabilities	<u>(55,728)</u>	<u>7,727</u>
Net cash provided by (used in) operating activities	(71,272)	115,471
<u>Cash Flows From Investing Activities</u>		
Cash payments for the purchase of property	<u>(784)</u>	<u>(750)</u>
Net cash used in investing activities	(784)	(750)
Increase (decrease) in cash and cash equivalents	(72,056)	114,721
Cash and cash equivalents, beginning of year	<u>303,876</u>	<u>189,155</u>
Cash and cash equivalents, end of year	<u>\$ 231,820</u>	<u>\$ 303,876</u>

See accompanying notes and independent auditors' report.

FRIENDS OF HILLTOP ARBORETUM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

1. Summary of Significant Accounting Policies

Organization

Friends of Hilltop Arboretum, Inc. (Friends) is a nonprofit organization located in Baton Rouge, Louisiana devoted to the preservation and development of Hilltop as a complete arboretum of native southern trees, shrubs, and wildflowers and encourages its free and effective use by the community.

Net Assets

Friends reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of contributor imposed restrictions.

Functional Expenses

Friends allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are allocated directly according to their natural expense classification.

Basis of Accounting

The current year financial statements of Friends have been prepared on the accrual basis of accounting according to accounting principles generally accepted in the United States of America. Accordingly, all significant receivables, payables and other liabilities are reflected in the financial statements.

Cash Equivalents

Friends considers all highly liquid investments, including money market funds and investments with a maturity of three months or less, to be cash equivalents.

Donated services

Unpaid board members and volunteers conduct a significant portion of Friends' functions. The value of this contributed time is not reflected in the accompanying financial statements since the service performed does not meet the criteria necessary for recognition.

Subsequent Events

Friends has evaluated subsequent events through July 2, 2013 the date the financial statements were available to be issued, for recording and disclosure.

FRIENDS OF HILLTOP ARBORETUM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

1. Summary of Significant Accounting Policies – Continued

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization files information returns in the U.S. federal jurisdiction and in various other states. The Organization is no longer subject to federal information return examinations by tax authorities for years before 2009.

Property and equipment

Friends' property and equipment are recorded at cost. Depreciation is computed using the straight line method over the useful life of the asset.

Inventories

Inventories are stated at the lower of cost or market value. Cost is determined by the specific identification method.

Advertising

Friends expenses all advertising costs as incurred.

2. Concentrations

Friends maintains cash balances in banks that are insured by FDIC insurable limits and also maintains cash accounts with investment brokers that are insured by SIPC insurable limits. At December 31, 2012 Friends did not have cash in a bank account in excess of the FDIC insured limits. Cash held with investment brokers did not exceed SIPC insured limits. Management periodically evaluates the integrity of the entities that hold Friends' cash and investments.

FRIENDS OF HILLTOP ARBORETUM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

3. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2012</u>	<u>2011</u>
Production and distribution of Native Plant Guide	\$ 2,361	\$ 2,922
Ravine maintenance	830	1,769
Facility construction	-	24,485
	<u>\$ 3,191</u>	<u>\$ 29,176</u>

4. Board Restricted Net Assets

During the year ended December 31, 2012 the board elected to remove the restrictions on net assets to be used for frontage expenses. Unrestricted net assets have been restricted by the board of directors as follows for the year ended December 31, 2012.

	<u>2012</u>	<u>2011</u>
Ravine maintenance	\$ 7,480	\$ 7,480
Frontage expenses	-	10,000
	<u>\$ 7,480</u>	<u>\$ 17,480</u>

5. Donations

In previous years, Friends held various capital campaigns and solicited donations for the purpose of building a new facility on the grounds of the Hilltop Arboretum. In 2012 Friends donated \$42,073 in funds raised under the capital campaign to the LSU Foundation. The LSU Foundation will be responsible for constructing the facility and will retain ownership when the project is complete. Construction on the new facility began in 2013.

6. Site Improvements and Maintenance

During the year Friends incurred the following costs for improvements and maintenance to the arboretum grounds owned by LSU.

Ravine studies and improvements	\$ 939
Pond design and planting	1,358
General site maintenance	<u>14,852</u>
	<u>\$ 17,149</u>

FRIENDS OF HILLTOP ARBORETUM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

7. Grant Income

During the year Friends had grant income from the following sources:

Louisiana Department of Agriculture & Forestry	\$ 4,953
Entergy	2,500
Junior League of Baton Rouge	<u>4,125</u>
	<u>\$ 11,578</u>

These grants are included in the statement of activities under miscellaneous programs.

8. Reclassification

Certain amounts included in the prior year financial statements have been reclassified to conform to the current year presentation.